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REVISION AND EXTENSION OF SUGAR ACT OF 1948

JULY 22, 1955.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany H. R. 7030]

The Committee on Agriculture, to whom was referred the bill (H. R. 7030) to amend and extend the Sugar Act of 1948, as amended, and for other purposes, having considered the same, report favorably thereon with amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert:

That section 101 (d) of the Sugar Act of 1948, as amended, is amended to read as follows:

"(d) The term 'raw sugar' means any sugars (exclusive of liquid sugar from foreign countries having liquid sugar quotas), whether or not principally of crystalline structure, which are to be further refined or improved in quality to produce any sugars principally of crystalline structure or liquid sugar."

Sec. 2. Section 101 (e) of such Act is amended to read as follows:

"(e) The term 'direct-consumption sugar' means any sugars principally of crystalline structure and any liquid sugar (exclusive of liquid sugar from foreign countries having liquid sugar quotas), which are not to be further refined or improved in quality."

Sec. 3. Section 101 (i) of such Act is amended by deleting the parenthetical word "(Clerget)".

Sec. 4. Section 101 of such Act is amended by adding at the end thereof a new paragraph to read as follows:

"(n) The term 'to be further refined or improved in quality' means to be subjected substantially to the processes of (1) affination or defecation, (2) clarification, and (3) further purification by adsorption or crystallization. The Secretary is authorized, in accordance with findings based on public hearings to determine whether specific processes to which sugars are subjected are sufficient to meet the requirements of this paragraph (n) and whether sugars of specific qualities are raw sugar within the meaning of paragraph (d) of this section, or direct-consumption sugar within the meaning of paragraph (e) of this section."

Sec. 5. Section 201 of such Act is amended by striking in the second sentence thereof the words "1947 prior to the termination of price control of sugar" and inserting in lieu thereof "1947-1949".

SEC. 6. Section 202 (a) of such Act is amended by inserting a colon and "(1) For the calendar year 1956" in lieu of the first comma and by adding the following new paragraphs:

"(2) For the calendar year 1956, by apportioning among such areas 50 per centum of the amount by which the determination made pursuant to section 201 exceeds eight million three hundred and fifty thousand short tons, raw value, as follows:

"(A) The first one hundred and eighty-eight thousand short tons, raw value, or any part thereof, by which quotas for the domestic areas are so increased shall be apportioned 45.2 per centum to the domestic beet area; 42.6 per centum to the mainland cane area; 10.6 per centum to Puerto Rico; and 1.6 per centum to the Virgin Islands; and

"(B) Any additional amount shall be apportioned on the basis established in paragraph (a) (1) as adjusted by subparagraph (A) of this paragraph (a) (2)

"(3) For the calendar year 1957 and each subsequent calendar year, by apportioning among such areas four million four hundred and forty-four thousand short tons, raw value, in accordance with paragraph (a) (1) of this section, and by adding thereto 50 per centum of the amount by which the determination made pursuant to section 201 exceeds eight million three hundred and fifty thousand short tons, raw value, apportioned as follows: First, by apportioning in accordance with the provisions of paragraph (a) (2) of this section an amount not in excess of the amount so apportioned in 1956, and second, by apportioning the remainder, if any, in accordance with the final quotas established for the calendar year 1956, pursuant to paragraphs (a) (1) and (a) (2) of this section."

SEC. 7. Section 202 (c) of such Act is amended by striking out "For" after "(c)" and inserting in lieu thereof "(1) For the calendar year 1956, for" and by adding at the end thereof the following new paragraphs:

"(2) For the calendar year 1957 and for each subsequent calendar year for foreign countries other than the Republic of the Philippines, by prorating to Cuba 96 per centum and to such other foreign countries 4 per centum of the amount of sugar, raw value, by which eight million three hundred and fifty thousand short tons or such lesser amount as determined pursuant to section 201 exceeds the sum of four million four hundred and forty-four thousand short tons, raw value, and the quota established pursuant to subsection (b) of this section; and by prorating to Cuba 50 per centum and to foreign countries other than Cuba and the Republic of the Philippines 50 per centum of the amount of sugar, raw value, by which the amount determined pursuant to section 201 exceeds the sum of eight million three hundred and fifty thousand short tons plus the increase in quotas provided for in subsection (a) (3) of this section: *Provided*, (i) that for 1957 the quota for foreign countries other than Cuba and the Republic of the Philippines shall be one hundred and seventy-five thousand short tons, raw value, and the quota for Cuba shall equal the sum of the quotas for foreign countries other than the Republic of the Philippines less one hundred and seventy-five thousand short tons, raw value; and (ii) that for the calendar year 1958 and each subsequent calendar year through 1960 the quota for foreign countries other than Cuba and the Republic of the Philippines shall be increased forty-five thousand short tons, raw value, annually and the quota for Cuba shall equal the sum of the quotas for foreign countries other than the Republic of the Philippines for such year less the quota for foreign countries other than Cuba and the Republic of the Philippines for such year."

The quota for foreign countries other than Cuba and the Republic of the Philippines shall be prorated for the calendar year 1957 and for each subsequent calendar year as follows:

(A) Each country whose average annual importations into the United States within the quota were less than one thousand short tons, raw value, during the years 1953 and 1954 shall receive a proration equal to such average importations.

(B) Each country whose average annual importations into the United States within the quota were more than one thousand short tons but less than three thousand short tons, raw value, during the years 1953 and 1954 shall receive each year two thousand tons in addition to the basic tonnages prorated under subparagraphs (C) or (D) hereof.

(C) Each country whose average annual importations into the United States within the quota were one thousand short tons but less than two thousand short tons, raw value, during the years 1953 and 1954 shall receive a proration for 1957 equal to its average importations for the calendar years 1953 and 1954 plus 30 per centum thereof and for each calendar year subsequent to 1957 through 1960 the proration for each such country shall be increased by an additional 30 per centum of its proration under this subparagraph (C) for the immediately preceding calendar year.

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(D) That part of the quota not otherwise prorated in subparagraphs (A), (B), and (C) above shall be prorated as follows:

<i>Country</i>	<i>Per centum</i>
Dominican Republic.....	37
Peru.....	36
Mexico.....	20
Nicaragua.....	5
Haiti.....	2

Sec. 8. Section 202 of such Act is amended by adding the following new paragraphs:

"(e) Whenever in any year any foreign country with a quota or proration thereof of more than ten thousand short tons fails to fill such quota or proration by more than 10 per centum and at any time during such year the world price of sugar exceeds the domestic price, the quota or proration thereof for such country for subsequent years shall be reduced by an amount equal to the amount by which such country failed to fill its quota or proration thereof, unless the Secretary finds that such failure was due to crop disaster or force majeure or finds that such reduction would be contrary to the objectives of this Act. Any reduction hereunder shall be prorated in the same manner as deficits are prorated under section 204.

"(f) No country shall have its quota or proration thereof increased above its quota or proration thereof for the calendar year 1956 unless, on or before January 1, 1957, such country becomes a party to and bound by the International Sugar Agreement for the Regulation of the Production and Marketing of Sugar (ratified by and with the advice and consent of the United States Senate on April 29, 1954).

"(g) Notwithstanding any other provision of law except paragraph (d) hereof, if the Secretary determines that any country for which a sugar quota or proration thereof is established herein causes a substantial reduction in the importation of any agricultural commodity from the United States below the quantity imported during a representative period of years, in raw or manufactured form, through import quotas, import taxes, exchange restrictions, or other trade restrictive measures, the sugar quota or proration thereof for such country shall be suspended during each year when such restrictive measures are at any time in effect and the portion of such quota or proration thereof so suspended shall be prorated in the same manner as deficits are prorated under section 204."

Sec. 9. (a) The second sentence of section 204 (a) of such Act is amended by inserting before the period at the end thereof a colon and the following: "Provided, That any deficit in any domestic sugar-producing area occurring by reason of inability to market that part of the quota for such area allotted under the provisions of section 202 (a) (2) or the increases allotted under section 202 (a) (3) shall first be prorated to other domestic areas on the basis of the quotas then in effect."

(b) The last paragraph of section 204 (a) of such Act is amended by inserting before the period at the end thereof a semicolon and the following: "except that in the case of proration of any such deficit in any domestic sugar-producing area occurring by reason of inability to market that part of the quota for such area allotted under and by reason of section 202 (a) (2) or the increases allotted under section 202 (a) (3), the Secretary shall apportion the unfilled amount on such basis and to such other domestic areas as he determines is required to fill such deficit, and if he finds that no domestic area will be able to supply such unfilled amount, he shall add it to the quota for Cuba".

Sec. 10. Section 205 (a) of such Act is amended by inserting immediately before the final sentence thereof the following: "In making such allotments, the Secretary may also take into consideration and make due allowance for the adverse effect of drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions seriously and broadly affecting any general area served by the factory or factories of such person."

Sec. 11. (a) Section 207 (a) of such Act is amended by adding after the word "year" the following: ", plus an amount equal to the same percentage of twenty-nine thousand six hundred and sixteen short tons, raw value, that the increase in the quota for Hawaii under section 202 is of one million fifty-two thousand short tons, raw value".

(b) Section 207 (b) of such Act is amended by striking the period at the end thereof and by adding the following: "which shall be principally of crystalline structure, plus an amount equal to the same percentage of one hundred twenty-six thousand and thirty-three short tons, raw value, that the increase in the quota for Puerto Rico under section 202 is of one million eighty thousand short tons, raw

value, which latter amount may be filled by direct-consumption sugar whether or not principally of crystalline structure."

SEC. 12. Section 207 (h) of such Act is amended by striking out "The" after "(h)" and inserting in lieu thereof "(1) For the calendar year 1956, the" and by adding the following new paragraph:

"(2) For the calendar year 1957 and each subsequent calendar year, the quota for foreign countries other than Cuba and the Republic of the Philippines may be filled by direct-consumption sugar to the extent of 1.36 per centum of the amount of sugar determined pursuant to section 201 less the sum of the quotas established in subsections (a) and (b) of section 202: *Provided*, That such limitation shall not apply to countries receiving prorations under section 202 (c) of seven thousand short tons or less. The direct-consumption portion of such quota which is subject to the 1.36 per centum limitation referred to above shall be prorated to countries which receive prorations under section 202 (c) of more than seven thousand short tons on the basis of average imports of direct-consumption sugar within the quota for the years 1951, 1952, 1953, and 1954."

SEC. 13. Section 301 (b) of such Act is amended by inserting after the words "(or processed)" the following: ", except for livestock feed, or for the production of livestock feed, as determined by the Secretary."

SEC. 14. Section 302 (b) of such Act is amended by inserting after "or processed)" the words "within the proportional share" and by striking the period at the end thereof and inserting the following: "and of the producers in any local producing area whose past production has been adversely, seriously and generally affected by drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions. For the purposes of establishing proportionate shares hereunder and in order to encourage wise use of land resources, foster greater diversification of agricultural production, and promote the conservation of soil and water resources in Puerto Rico, the Secretary, on application of any owner of a farm in Puerto Rico, is hereby authorized, whenever he determines it to be in the public interest and to facilitate the sale or rental of land for other productive purposes, to transfer the sugarcane production record for any parcel or parcels of land in Puerto Rico owned by the applicant to any other parcel or parcels of land owned by such applicant in Puerto Rico."

SEC. 15. Section 405 of such Act is amended by inserting "(a)" at the beginning thereof and by adding the following new paragraph:

"(b) Any person whose sugar processing operations otherwise meet the requirements of section 101 (n) and who subjects to such processes sugar imported or brought into the continental United States under a declaration that it is raw sugar but which sugar subsequently is determined to be of direct-consumption quality and to be in excess of the direct-consumption portion of the applicable quota or proration or allotment thereof, shall forfeit to the United States a sum equal to one cent per pound for each pound, raw value, of such sugar in excess of the direct-consumption portion of the applicable quota or proration or allotment thereof, which forfeiture shall be recoverable in a civil suit brought in the name of the United States."

SEC. 16. Section 407 of such Act is amended by adding at the end thereof the following sentence: "The provisions of this section shall not apply to persons whose services are obtained pursuant to section 305."

SEC. 17. Section 411 of such Act is renumbered as section 412, section 412 of such Act is renumbered as section 413 and a new section 411 inserted as follows:

"SEC. 411. The Secretary is authorized to issue such regulations as may be necessary to carry out article 7 of the International Sugar Agreement for the Regulation of the Production and Marketing of Sugar (ratified by and with the advice and consent of the United States Senate on April 29, 1954), restricting importations of sugar into the United States from foreign countries not participating in such agreement, or to carry out the corresponding provisions of any such future agreements ratified by and with the advice and consent of the United States Senate."

SEC. 18. Renumbered section 412 of such Act (relating to termination of the powers of the Secretary under the Act) is amended by striking out "1956" in each place it appears therein and inserting in lieu thereof "1960".

SEC. 19. A new section 414 is added to such Act as follows:

"SEC. 414. (a) To alleviate the conditions which exist in the continental United States sugar-producing areas by reason of the quantities of surplus over-quota sugar produced in such areas, the Commodity Credit Corporation shall carry out loans, purchases or other operations with respect to one hundred thousand short tons of sugar produced from the 1955 or previous crops in such areas.

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"(b) Sugar acquired hereunder shall be disposed of outside the continental United States in such manner as the Corporation determines will not unduly interfere with normal marketings of sugar, including dispositions under the Agricultural Trade Development and Assistance Act of 1954, as amended.

"(c) No borrower shall be personally liable for any deficiency arising from the sale of the sugar securing any loan made under authority of this section, unless such loan was obtained through fraudulent representations by the borrower. This provision shall not, however, be construed to prevent Commodity Credit Corporation from requiring the borrower to assume liability for deficiencies in the quality or quantity of sugar delivered under the loan, for failure to properly care for and preserve such sugar, or for failure or refusal to deliver the sugar in accordance with the requirements of the program.

"(d) Sugar acquired hereunder shall not be subject to the provisions of title II of this Act."

SEC. 20. Section 201 of the Agricultural Act of 1949, as amended (63 Stat. 1052; 68 Stat. 899, 912), is further amended as follows:

1. After the comma following the word "butterfat" in the clause preceding the colon, insert the following: "sugar beets and sugarcane,".

2. After subsection (c) thereof insert a new subsection (d) as follows:

"(d) The price of sugar beets and sugarcane, respectively, shall be supported at a level of 90 per centum of the parity price therefor through loans, purchases or other operations with respect to sugar derived from the processing of proportionate shares of sugar beets or sugarcane of the 1956 and subsequent crops produced in the domestic sugar producing areas of the United States. Loans, purchases, or other operations with respect to such sugar shall be at such rates or prices as the Secretary determines, after taking into account receipts of producers from byproducts and conditional payments, will reflect the equivalent of 90 per centum of the parity price either for sugar beets or sugarcane. Sugar acquired hereunder shall not be subject to the provisions of title II of the Sugar Act of 1948, as amended."

SEC. 21. Sections 4501 (c) and 6412 (d) (relating to the termination of taxes on sugar) of the Internal Revenue Code of 1954 are amended by striking out "1957" in each place it appears therein and inserting in lieu thereof "1961".

SEC. 22. Section 4502 (4), chapter 4, subchapter A, "Sugar", of the Internal Revenue Code of 1954 is amended as follows: Strike out the parenthetical word "(Clerget)" where it occurs in the first sentence and delete the second sentence thereof.

SEC. 23. (a) Section 4504, chapter 37, subchapter A, "Sugar", of the Internal Revenue Code of 1954 is amended by adding before the period at the end thereof the following: "and except that such tax may be subject to refunds as a tax under the provisions of section 6418 (a)".

(b) Section 6418 (a) of chapter 65 of the Internal Revenue Code of 1954 is amended by striking out the "(a)" immediately following "section 4501".

SEC. 24. The amendments made hereby shall become effective January 1, 1956, except as otherwise designated and except that required determinations and regulations may be issued in 1955 for the calendar year 1956.

MAJOR PROVISIONS

H. R. 7030 reenacts and extends for 4 years, to December 31, 1960, the Sugar Act of 1948, as amended, with further amendments dealing primarily with adjustments of quotas intended to give domestic producers a fair share in the growth of the United States sugar market and to bring about an equitable participation by foreign suppliers in this market. The present act, in the absence of any action by the Congress, would expire December 31, 1956.

The bill also extends for 4 years, to June 30, 1961, the applicability of the excise tax on sugar in the Internal Revenue Code. This tax finances the sugar-stabilization program.

This legislation's major effect is to open the way for United States domestic area producers to participate with foreign areas in supplying the growth of the United States sugar market.

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The United States this year will require approximately 8,350,000 short tons of sugar. The United States needs now are supplied 53.7 percent from domestic areas (consisting of 22 mainland States producing beets, and 2 mainland States, Hawaii, Puerto Rico, and the Virgin Islands, producing sugarcane); 33.1 percent from Cuba; 11.8 percent from the Philippines; and 1.4 percent from other foreign countries (including the Dominican Republic, Mexico, El Salvador, Haiti, Nicaragua, Peru, and all others).

This distribution is brought about by the provisions of the Sugar Act that assign fixed quotas amounting to 4,440,000 short tons, raw value, for the domestic producing area, and 952,000 short tons to the Philippines; and give to Cuba 96 percent, and to all other foreign countries 4 percent, of the remaining portion of the United States market.

Thus, Cuba for a number of years has enjoyed an increasing market for her sugar here equal to virtually the complete growth of sugar consumption in the United States, since the present law holds the domestic producing areas and the Philippines to definite, inflexibly fixed quotas.

H. R. 7030 maintains unchanged the participation of the domestic areas and the foreign suppliers in the present level of consumption of the United States market. All suppliers will continue to receive their established shares in the market at its current level.

But this legislation would open the way for United States producers to participate in the larger market constantly being created by the growth of our consumption of sugar, and to a lesser extent other foreign suppliers would enjoy a part of this expanding market along with Cuba, in the following manner:

For the Calendar year 1956, the amount of the increase in our market above 8,350,000 short tons, raw value, would be apportioned 50 percent to domestic producing areas and 50 percent to the foreign suppliers (except the Philippines which has a fixed quota), with Cuba getting 96 percent and all other countries receiving 4 percent of the 50 percent going to the foreign suppliers. The first 188,000 tons, or any part thereof, by which quotas for the domestic areas are so increased in 1956, would be apportioned 45.2 percent to the domestic beet area; 42.6 percent to the mainland cane area; 10.6 percent to Puerto Rico; and 1.6 percent to the Virgin Islands. If rising consumption should increase the quotas of domestic areas by more than 188,000 tons in 1956 the excess would be allotted on the basis of the present law's assignment of quotas.

For 1957, 1958, 1959, and 1960, this bill—

1. Assigns between the domestic producing areas and the foreign suppliers additional quotas year by year each equal to 50 percent of the growth of the United States market above the current 8,350,000 tons of consumption a year.

2. Provides that for 1957, 1958, 1959, and 1960 the additional quotas for domestic areas producers (representing 50 percent of the growth in the United States market) will be distributed in accordance with the final quotas established for the calendar year 1956.

3. That in 1957 the total of established and growth quotas for foreign suppliers (other than the Philippines) would be distributed (1) the first 175,000 tons to the foreign suppliers other than Cuba

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and the Philippines, and (2) Cuba to receive a quota computed by subtracting 175,000 tons from the sum of the quotas for foreign countries other than the Philippines.

4. That for 1958, 1959, and 1960 the additional quotas representing 50 percent of the growth assigned to foreign suppliers (other than the Philippines) would be distributed (1) the first 45,000 tons to the foreign suppliers other than Cuba and the Philippines, and (2) Cuba to receive an additional quota computed by subtracting 45,000 tons from the 50 percent of the growth in the United States market which would be assigned to foreign countries.

5. That proration of their quota among the foreign countries (other than Cuba and the Philippines) be changed beginning in 1957 by assigning to those countries which exported to the United States less than 1,000 tons during the years 1953 and 1954 a fixed quantity equal to their average proration in those years and by assigning to the countries that brought in between 1,000 and 3,000 tons in those years a fixed quantity of 2,000 tons in addition to their further proration, as follows: Countries whose average imports here were between 1,000 and 2,000 short tons in 1953 and 1954 receive prorations for 1957 equal to such average entries plus 30 percent thereof and for each subsequent year prorations for such countries are increased by an additional 30 percent above the prorations for the immediately preceding year; the balance of the quota for countries other than Cuba and the Philippines is prorated 37 percent to the Dominican Republic, 36 percent to Peru, 20 percent to Mexico, 5 percent to Nicaragua, and 2 percent to Haiti.

An annual growth in United States sugar consumption of approximately 135,000 tons is expected on the basis of past experience. The accompanying table (table A) shows how this bill would distribute the full tonnage estimated on such an assumed growth.

To alleviate a surplus condition in the continental United States sugar-producing areas, this bill provides that the Government purchase or otherwise remove from the market 100,000 tons from the 1955 or previous crops in such areas, for disposition outside the continental United States in such manner as not to interfere unduly with normal marketing of sugar. It is assumed this sugar will be distributed in the relief operations of the International Cooperation Administration.

To deal with any future surpluses, provision is made that the price of sugar beets and sugarcane shall be supported at 90 percent of parity through loans, purchases, or other operations with respect to sugar from the processing of proportionate shares of sugar beets and sugarcane, produced in the domestic areas of the United States.

Although the committee has not included in the bill any specific directive for distribution of additional domestic quotas to new producers, it is the belief of the committee that the act should be administered so as to benefit new producers and new producing regions as increased domestic acreage becomes available as the result of quota increases.

Foreign countries which fail by a substantial margin to supply sugar to this market in years when the world price is higher than our domestic price are subject to quota curtailment in future years, unless the Secretary of Agriculture finds that such curtailment is unwarranted.

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Foreign countries which discriminate against the importation of agricultural commodities from this country are subject to quota suspension during each year when such restrictive measures are in effect. Foreign countries which did not become participants to the International Sugar Agreement on or before January 1, 1957, are not eligible for increases in quotas or prorations above the 1956 level.

Provisions of the Sugar Act which limit the entry of direct-consumption sugar within quotas of both foreign and offshore domestic areas would be varied slightly to permit an increase in such allocations for the offshore domestic areas and to permit those foreign countries which have relatively small quotas the convenience of shipping either raw or refined sugar to this market.

The method of prorating deficits would be changed slightly to insure that increases which domestic areas receive through market participation but which they are not able to fill shall first be prorated to other domestic areas rather than to Cuba and the other domestic areas as is the case under the present act. In the event a domestic area is unable to fill a proration of a deficit assigned to it which results from increased quota due to market participation, the unfilled portion also will be apportioned to other domestic areas unless no such area is able to supply the required quantity in which case it will be added to the quota of Cuba.

There are other provisions in the bill in the interest of equity and efficient administration in this reenactment and extension of the Sugar Act. These are discussed in some detail in the analysis of the bill which appears later in this report.

The following table was prepared by officials of the Sugar Division, Department of Agriculture, at the request of the committee. On the basis of an assumed constant increase in United States consumption of 135,000 tons a year, it shows the quotas which would result from application of provisions of the bill.

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TABLE A.—*Sugar quotas and prorations: Present law for 1955 (H. R. 7030), as reported by the Committee on Agriculture*

[Short tons, raw value]

	Present law, 1955	H. R. 7030				
		1956	1957	1958	1959	1960
Assumed requirements.....	8,490,000	8,535,000	8,670,000	8,805,000	8,940,000	9,075,000
Domestic areas.....	4,444,000	4,536,500	4,604,000	4,671,500	4,739,000	4,806,500
Beet.....	1,879,000	1,841,000	1,869,215	1,896,620	1,924,024	1,951,430
Mainland cane.....	500,000	539,405	547,431	555,457	563,483	571,509
Hawaii.....	1,052,000	1,052,000	1,067,653	1,083,396	1,098,959	1,114,612
Puerto Rico.....	1,080,000	1,089,805	1,106,020	1,122,236	1,138,452	1,154,667
Virgin Islands.....	12,000	13,480	13,681	13,881	14,082	14,282
Foreign areas.....	3,956,000	3,988,500	4,066,000	4,133,500	4,201,000	4,268,500
Philippines.....	977,000	977,000	977,000	977,000	977,000	977,000
Cuba.....	2,859,849	2,900,640	2,914,000	2,936,500	2,959,000	2,981,500
"Full duty" countries.....	119,160	120,860	175,000	220,000	265,000	310,000
Dominican Republic.....	29,592	30,014	58,393	74,403	80,221	105,789
Mexico.....	12,269	12,444	31,561	40,218	48,768	57,184
Nicaragua.....	8,386	8,506	7,891	10,054	12,192	14,295
Peru.....	55,658	56,452	50,814	72,392	87,782	102,930
Haiti.....	2,863	2,904	5,156	6,022	6,877	7,718
Costa Rica.....	1 (1,084)	1 (1,084)	3,409	3,852	4,382	5,097
Formosa.....	1 (1,114)	1 (1,114)	3,448	3,832	4,447	5,181
Netherlands.....	1 (1,123)	1 (1,123)	3,460	3,898	4,467	5,237
Panama.....	1 (1,114)	1 (1,114)	3,448	3,882	4,447	5,181
Belgium.....	1 (182)	1 (182)	182	182	182	182
British Guiana.....	1 (85)	1 (85)	85	85	85	85
Canada.....	1 (631)	1 (631)	631	631	631	631
Hong Kong.....	1 (3)	1 (3)	3	3	3	3
United Kingdom.....	1 (516)	1 (516)	516	516	516	516
El Salvador ²	4,434	4,497				

¹ Average 1953-54 charges against quotas. These countries do not have specific prorations under the present law. These entries are made within the proration for unspecified countries which amounts to 5,958 tons and 6,043 tons when requirements are 8,400,000 tons and 8,535,000 tons, respectively.

² No entries since 1948.

GENERAL STATEMENT

Participation by the United States sugar producers in the future market growth in this country does no more than restore to them the status they had under sugar-quota legislation prior to World War II.

In the Sugar Act of 1948, quotas for the domestic areas were limited to fixed quantities in order to assist Cuba in making the transition from wartime to peacetime conditions by assigning to her virtually all of the increases in the United States sugar market. It was recognized at the time that the change was of temporary nature and that at the appropriate time the domestic areas should resume participation in market growth.

The committee is of the opinion that 1956 is the appropriate time in view of the fact that all of the domestic areas are producing at or above their quota levels even though successively more stringent production controls have been imposed in several of those areas.

Additional quotas granted to foreign countries are in line with our national policy of broadening our trade relations. Cuba retains its status as our largest foreign supplier by a wide margin and also retains a share in our market growth. Other Latin American countries receive quota increases which are large proportionally to their marketings heretofore, but which are small in relation to our total imports.

The committee recognized the needs of the mainland sugar areas for inventory relief, but preferred not to make a change affecting

quotas for the year 1955 because of the difficulties which would be created for producers in Cuba whose marketing plans for this year already have been completed. Rather, to alleviate the immediate situation in the mainland areas, the committee has authorized a Commodity Credit Corporation loan, purchase, or similar operation with respect to 100,000 tons of 1955 or previous crop mainland sugar.

Cuba's anticipated share of the total United States market is reduced somewhat in 1956, under the provisions of this bill, because of participation by the domestic areas in market increases beginning that year and is further reduced beginning in 1957 because of the enlarged shares of the market thereafter assigned to other countries.

The actual tonnage of sugar which Cuba will market in the United States is expected to increase, however, from year to year because of anticipated continuation of the substantial annual increases in our sugar consumption.

Nevertheless, the committee has suggested to the executive departments of the Government that they give consideration to the possibility of acquiring sugar from Cuba in 1956 to offset the smaller increase in the Cuban quota which will occur that year in comparison to what the increase would have been under the present act which, if not amended, does not expire until December 31, 1956.

Although all producers, foreign and domestic, who participate in the American market are fully aware that it is the privilege and the duty of the Congress to revise the Sugar Act at any time there is impelling cause, this committee has gone to great lengths to protect the status of foreign suppliers in this market.

The committee feels that it has found a fair solution for all parties in this bill, as we have justly brought our own producers into participation in the growth of our own market, and have sought an equitable distribution of the remainder of our market growth among our good-neighbor countries that help supply this market.

NATIONAL POLICY

For many years it has been the policy of the United States Government—for defense and strategic reasons—to preserve within the United States the ability to produce a portion of our sugar requirements. This has been done because sugar is an essential and vital food product needed by American consumers, the supply of which on a worldwide scale has been marked by periods of alternating scarcity and surplus.

A large portion of the world's sugar production is grown in tropical countries with essentially one-crop economies, where cheap labor is abundantly available and cannot be utilized in other enterprises. An additional large portion is distributed among the majority of the countries of the world which, like the United States, provide protection to their sugar industries. In these circumstances, it is unlikely that a significant amount of sugar would be grown in the continental United States if American producers had to compete on the open world market with sugar produced with cheap tropical labor.

For many years, protection was afforded to our sugar producers solely through the tariff. Although the tariff did assist domestic producers, it still left them exposed to the price fluctuations of the world sugar market. It also increased the price of sugar to consumers

in the United States without assuring them of adequate foreign sources of supply in case of emergencies.

A quota system which prorated domestic consumption among producers in the United States and a number of foreign countries was developed and enacted as law in 1934. The quota system was revised in 1937 and again in the present act which became effective in 1948 and was amended in 1951, effective as of January 1, 1953. Since initiation of the quota system, the tariff on sugar has been reduced 75 percent and now represents only supplementary protection to the sugar industry.

A tax of 0.5 cent per pound is imposed on all sugar manufactured or imported into the United States. Payments are made to domestic producers of sugarcane or sugar beets at a rate which ranges from 80 cents per hundredweight of recoverable sugar produced on small farms to as little as 30 cents per hundredweight of production in excess of 30,000 tons of sugar on large farms. To qualify for payments under the program, producers must comply with production restrictions, pay fair wages to workers, and not employ child labor and, if they are also processors, pay fair prices for sugarcane or sugar beets.

Income to the Government from the tax on sugar has been very substantially in excess of the amount disbursed as payments to domestic growers during each of the years under the program. In recent years the income from the excise or import compensating tax has approximated \$80 million annually, while payments to growers have approximated \$65 million.

In the last 18 years there has been a net return to the Treasury of over \$300 million in the difference between collections on the sugar excise tax and the actual cost of the stabilization program.

WORLD SUGAR SITUATION

World sugar production reached a record level of about 47 million tons during 1954-55 despite the fact that production was rigidly controlled in Cuba, the Dominican Republic, and most areas of the United States. By comparison, a century ago production had been less than 2 million tons and in 1900 it was only 13 million tons. During the period just before and after World War II it was about 33 million tons. Production of centrifugal sugar, which now accounts for all but about 6 million tons of the total, is shown by countries for recent years in the following table.

TABLE B.—Centrifugal sugar (raw value): Production in specified countries, averages 1925-39, 1945-49, annual 1951-54^{1 2}

[1,000 short tons]

Continent and country	Averages		1951	1952	1953	1954 ³
	1935-39	1945-49				
North American (cane and beet):						
British Honduras.....	1	1	3	4	4	4
Canada.....	76	99	133	180	131	124
Costa Rica.....	9	20	33	34	38	35
El Salvador.....	17	27	31	32	36	36
Guatemala.....	19	33	33	44	46	48
Honduras.....	2	1	7	10	11	11
Mexico.....	353	636	807	911	960	1,063
Nicaragua.....	9	21	35	38	42	46
Panama.....	5	11	21	20	21	19
United States (beet).....	1,517	1,514	1,549	1,505	1,817	2,037
United States (cane).....	474	455	419	605	630	607
Hawaii.....	980	861	1,020	1,099	1,077	1,092
Puerto Rico.....	974	1,134	1,360	1,170	1,190	1,200
Virgin Islands.....	6	6	12	14	10	10
Antigua.....	22	25	38	36	14	24
Barbados.....	114	121	176	169	184	162
Cuba.....	3,183	5,897	7,964	5,657	5,390	4,998
Dominican Republic.....	491	509	648	668	699	772
Grenada.....	1	1	2	1	1	1
Guadeloupe.....	60	48	106	96	114	128
Haiti.....	44	49	64	63	54	55
Jamaica.....	119	235	299	370	407	413
Martinique.....	64	29	42	60	78	87
St. Kitts.....	36	40	57	58	56	58
St. Lucia and St. Vincent.....	11	12	14	16	14	16
Trinidad and Tobago.....	149	144	154	172	193	204
Total, North America.....	8,736	11,929	15,027	13,042	13,217	13,250
Western Europe (beet):						
Austria.....	196	46	175	146	197	233
Belgium.....	259	246	293	356	450	375
Denmark.....	260	266	394	295	425	245
Finland.....	13	14	23	22	40	41
France.....	1,078	823	1,395	1,100	1,804	1,860
Germany, Western.....	610	524	1,169	990	1,552	1,445
Ireland.....	89	95	100	102	143	111
Italy.....	414	331	825	819	855	816
Netherlands.....	261	270	386	478	504	468
Spain ⁴	202	200	366	669	376	400
Sweden.....	340	311	323	267	388	342
Switzerland.....	13	28	33	32	36	37
United Kingdom.....	515	612	753	686	867	806
Yugoslavia.....	103	127	256	61	211	161
Total western Europe.....	4,353	3,893	6,491	6,023	7,848	7,340
Total eastern Europe.....	2,025	2,055	3,095	2,555	3,430	3,235
Total Europe.....	7,278	5,948	9,586	8,578	11,278	10,575
U. S. S. R. (Europe and Asia) (beet).....	2,761	1,643	2,700	2,500	2,700	2,500
Asia (beet and cane):						
Afghanistan (beet).....			5	4	6	7
Burma.....	27	10	17	25	26	25
China, including Manchuria ⁷	87	77	72	96	86	132
India.....	1,303	1,319	1,900	1,700	1,320	1,690
Indochina.....	77	11	7	4	3	3
Indonesia.....	1,207	102	472	637	683	800
Iran (beet).....	23	41	85	87	87	75
Japan (beet).....	46	11	31	38	48	40
Pakistan.....	33	34	83	95	91	100
Philippines, Republic of.....	1,058	382	1,076	1,134	1,435	1,405
Ryukyu Islands.....	32	0	1	4		
Syria (beet).....	0	0	2	7	9	9
Taiwan (Formosa).....	1,240	346	597	983	796	755
Thailand.....	21	28	37	40	40	42
Turkey (beet).....	76	131	228	200	213	218
Total Asia (excluding U. S. S. R.).....	5,230	2,492	4,613	5,054	4,843	5,301

See footnotes at end of table, p. 13.

TABLE B.—Centrifugal sugar (raw value): Production in specified countries, averages 1935-39, 1945-49 annual 1951-54^{1 2}—Continued

[1,000 short tons]

Continent and country	Averages		1951	1952	1953	1954 ³
	1935-39	1945-49				
South America (cane):						
Argentina.....	510	654	760	654	829	908
Bolivia.....	1	2	3	7	6	7
Brazil.....	830	1,420	1,857	2,151	2,328	2,500
British Guiana.....	210	198	272	269	268	276
Colombia.....	61	135	178	218	240	270
Ecuador.....	24	44	53	64	59	58
Paraguay.....	6	16	33	25	16	19
Peru.....	444	485	528	675	687	690
Surinam.....	15	5	7	8	8	8
Uruguay ⁴	2	3	11	19	25	32
Venezuela.....	22	41	70	80	110	130
Total, South America.....	2,115	3,003	3,772	4,170	4,576	4,896
Africa (cane):						
Angola.....	37	50	54	56	57	50
Belgian Congo.....	14	17	17	18	19	19
British East Africa.....	63	88	88	92	81	91
Egypt.....	166	211	208	247	295	330
Madagascar.....	16	14	17	18	20	15
Madeira and Azore Islands ⁵	9	9	11	11	11	11
Mauritius.....	320	351	535	517	566	551
Mozambique.....	81	86	92	99	101	99
Reunion.....	91	81	142	174	189	200
Union of South Africa.....	498	542	533	670	725	828
Total, Africa.....	1,295	1,449	1,697	1,902	2,064	2,194
Oceania (cane):						
Australia.....	894	830	809	1,027	1,364	1,425
Fiji.....	150	131	146	183	192	180
Pacific Islands.....	69	0	0	0	0	0
Total Oceania.....	1,113	961	955	1,210	1,556	1,605
World total (cane).....	16,755	18,043	24,008	23,358	23,888	24,687
World total (beet).....	11,773	9,382	14,342	13,098	16,346	15,634
World total (beet and cane).....	28,528	27,425	38,350	36,456	40,234	40,321

¹ Centrifugal sugar, as distinguished from noncentrifugal, includes cane and beet sugar produced by the centrifugal process, which is the principal kind moving in international trade.

² Years shown are for crop years; generally the harvesting season begins in the fall months of the year shown or in the early months of the following year, except in certain cane-sugar-producing countries in the Southern Hemisphere, such as Australia, Argentina, Mauritius, Union of South Africa, etc., where the season begins in May or June of the year shown.

³ Preliminary.

⁴ Restricted crop.

⁵ Includes a small amount of cane sugar.

⁶ Including sugar from Danish beets processed in Sweden.

⁷ Includes both cane and beet sugar.

Source: Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, reports of agricultural attachés and other United States representatives abroad, results of office research and other information. Estimates of countries having boundary changes have been adjusted to postwar boundaries.

The remarkable increase in production long ago removed sugar from the category of luxury food items and made it one of the cheapest of all foods on a caloric basis. Postwar increases in production have brought the world market price down to the present low level of about 3.25 cents per pound.

Production has been stimulated by special incentives in the way of subsidies, tariffs, and other programs designed to make most of the countries of the world partially or wholly self-sufficient with respect to sugar production. In those tropical areas where sugar is produced in large quantities for export, the absence of other opportunities for utilizing labor has tended to promote ever-increasing production

through low wages. Because of these situations, falling prices have not had the familiar effect of curtailing production. In a similar way, consumption has not tended to rise significantly in response to price declines because of high retail prices for sugar in many countries resulting from consumption taxes and other devices which insulate the retail price of sugar in those countries from the free world market price.

In most of the countries of the world, the price of sugar to consumers is from 2 to 17 cents above the world market level.

The International Sugar Agreement negotiated in London during 1954 has as one of its objectives the promotion of sugar consumption through the removal of excessive taxation and other consumption retarding devices and the discouragement of undue protectionism. The long-term effect of the agreement in this respect may be very helpful and in the meantime world consumption has been rising at a quite remarkable rate in response to population growth and improving economic conditions.

The International Sugar Agreement is also designed to gear production of sugar destined for sale in the world market to demand in that market. Nevertheless, the outlook is the same as it has been in the past: chronic production in excess of demand during nonemergency periods alternating with unsatisfiable demand during emergency or wartime periods.

Prior to the war, our domestic production fluctuated considerably and averaged about 4 million tons, the level it had attained in 1933. During the war, and particularly in the latter stages, our national policy was to encourage other crops to a greater extent than sugar beets. Because of this situation coupled with labor and supply shortages resulting from the war, as well as direct war activities, production declined in each of the domestic areas, except the mainland cane area and averaged about 3.5 million tons. Under the Sugar Act of 1948, production has risen in each of the domestic areas and for the period has averaged about 4.5 million tons. Last year it totaled 4.9 million tons.

HISTORICAL DEVELOPMENTS

The first tariff on sugar was imposed in 1789 to provide revenue for this country in the early years of its independence. During the major part of the 19th century, when import duties and domestic excise taxes were the chief source of Government receipts, the sugar tariff yielded close to 20 percent of our import duties.

The revenue tariff, incidentally, provided protection to the sugar industry in Louisiana after that area became a United States Territory in 1803. Hawaii also received the benefit of tariff protection under the Reciprocal Treaty of 1876 negotiated with the then Kingdom of Hawaii. Following a short experiment during the years between 1890 and 1894, with sugar on the free list and with a 2-cent-per-pound bounty on domestically produced sugar, the tariff was reenacted strictly as a protective device for the domestic industry.

After the Spanish-American War, our new possessions, Puerto Rico and the Philippines, received the benefit of tariff protection and a preferred tariff status was granted to Cuba. Production expanded rapidly in all three areas and also in the mainland sugar-beet area which had developed in the latter part of the 19th century, but which expanded rapidly in the early years of the present century.

During the protective tariff period, our sugar industry experienced alternating periods of prosperity and depression. But by 1933 it had become clear that the tariff system alone would no longer adequately protect the domestic industry and yet it had forced Cuba, our principal foreign supplier, to the brink of economic and political disaster. Sugar prices in Cuba that year declined to a small fraction of the 2-cent-per-pound tariff. Cuba was no longer a major market for American goods and mainland sugar producers could not get "fair exchange value" for their sugar crops.

Under the present quota system, the tariff is a supplementary means of protection and has been reduced progressively from a rate of 2 cents per pound of Cuban sugar in 1934 to the present rate of 0.5 cent per pound.

Congress in 1934 enacted the Jones-Costigan Act, which restricted the supply of sugar in the United States market to a total quantity determined each year by the Secretary of Agriculture. Market shares for the mainland beet and cane areas were established in the act largely on the basis of production during the 2 preceding years. The Secretary was given discretionary power to determine which 3 years during the 9-year period, 1925-33, would serve "as the most representative" years to form the basis for the quotas of each of the offshore areas. For most of the areas he chose the period 1931-33, and for Hawaii the period 1930-32. The act also provided for an excise tax on sugar and for benefit payments to domestic growers as well as for control of domestic production and imports.

The Sugar Act of 1937 established each area's share of the market on the basis of percentages which were about the same as those developed through experience under the 1934 act. As a group, the domestic areas received 55.59 percent of total domestic requirements and were guaranteed a minimum quota of 3,750,000 tons. Cuba's percentage was 28.60; the "full duty" countries, 0.40; and the Republic of the Philippines, 15.41, with a guaranteed minimum quota for the latter country of 952,000 tons of sugar, *tel quel*.

The act provided for an excise tax at the rate of one-half cent per pound of sugar and also provided for payments to domestic growers on the conditions that marketings were kept within quota limits, that they paid fair wages and employed no child labor, and that those who were also processors paid fair prices for sugarcane or sugar beets.

After suspension of quotas during the war years, the Sugar Act of 1948 was enacted with a number of changes designed to meet the problems of the postwar transitional period. This committee emphasized in its report at that time that the act was to be regarded in that light and not as the establishment of long-term national sugar policy.

The domestic areas were given fixed tonnage quotas which were roughly equivalent to the percentage shares they had received under the 1937 act. The Republic of the Philippines, whose sugar industry had been demolished during the war, received the fixed tonnage quota specified in the Philippines Trade Act of 1946, 952,000 tons of sugar, *tel quel*. Cuba and the "full duty" countries became the residual suppliers, with Cuba receiving 98.64 percent of such needed supplies. Cuba also was to supply 95 percent of the deficits in the Philippines quota which, it was known, would be large during the years when that country was rebuilding its sugar industry. The "full duty" countries which formerly received all of the Philippines deficits retained 5 percent.

The Sugar Act was amended and extended in 1951, effective as of January 1, 1953. The major features of the 1948 act were retained unchanged, except that the quota for Puerto Rico was increased by 170,000 tons, that for the Virgin Islands by 6,000 tons, and Cuba's share of the residual quota was reduced to 96 percent, while the share of the full duty countries was raised to 4 percent.

Because of the special consideration given to Cuba under the 1948 act and the healthy demand in the world market, Cuba, contrary to expectations, was not required to cut its production during the early postwar years. As a result of the flourishing demand for sugar during the period of the Korean hostilities, Cuba actually was enabled to increase production steadily until 1952, when the record crop of 8 million tons was harvested. That crop, however, supplied all world needs and left a surplus of approximately 2 million tons, which has overhung the market since that time. Beginning with the next crop, Cuba curtailed production and has continued to do so during each succeeding year.

Cuba has supplied to this market an average of 2.1 million tons under the Sugar Act of 1937, 2.9 million tons during the war years, 3.0 million tons during the 5 years under the Sugar Act of 1948, and 2.7 million tons during the 2 completed years under the present extension.

When the act was last extended in 1951, Puerto Rico was the only domestic area which had experienced a surplus crop and the quota for that area was increased by 170,000 tons to alleviate the problem. When the extension became effective in 1953, it already had become apparent, however, that production was rising rapidly to quota levels in all of the domestic areas. Farm production, in general, was moving toward a surplus situation in 1952 and, as a result, sugar beets have become increasingly favorable in relation to alternative crops.

Production research has made available new varieties of both sugar beets and sugarcane plus improved fertilization practices which have tended to increase yields substantially in the last few years. This tendency has been particularly strong in the mainland cane area.

Marketing allotments and acreage controls have been in effect in Puerto Rico continuously under the present extension of the act. Marketing allotments were imposed in the mainland cane area in 1953 and in the mainland beet area in 1954. Acreage allotments have been in effect in the mainland cane area since 1954 and in the beet area beginning with the present crop.

Current sugar inventories in both mainland areas are about 200,000 tons above average. In the mainland cane area inventories amount to 400,000 tons, or 110 percent above average, and in the mainland beet area 1,600,000 tons, or 15 percent above average.

SUGAR PRICES

A hundred years ago, sugar was very expensive and quite rare. After the Civil War, for instance, raw sugar wholesaled for more than 20 cents per pound and at one time in our history the tariff alone on loaf sugar was 12 cents per pound. As the price of sugar declined, consumption rose until the middle 1920's, after which time price appeared to have little effect upon the rate of sugar consumption in this country. The price of sugar in relation to other foods and per capita

distribution of sugar are shown in the following table for the period since 1860:

TABLE C.—Wholesale sugar prices, index numbers of wholesale prices of all foods and wholesale sugar prices in relation to prices of all foods, annually, 1860 to 1954 and monthly January to May 1955

[Index numbers of per capita disposable income and wholesale sugar prices in relation to per capita disposable income annually, 1910-54, and 1st quarter of 1955]

Year (1)	Sugar price, net cash, New York (2)	Index numbers (1935-39=100) (3) (4)		Sugar prices in relation to -- (5) (6)	
		Prices of all foods (wholesale)	Per capita disposable income	Prices of all foods	Per capita disposable income
	<i>Cts. per lb.</i>			<i>Cts. per lb.</i>	<i>Cts. per lb.</i>
1860	9.78	78		12.54	
1861	8.75	73		11.99	
1862	11.16	87		12.83	
1863	14.28	100		14.28	
1864	22.56	154		14.66	
1865	21.56	147		14.67	
1866	16.68	141		11.97	
1867	15.78	136		11.60	
1868	16.32	139		11.74	
1869	16.19	126		12.85	
1870	13.53	113		11.97	
1871	13.28	106		12.53	
1872	12.37	99		12.49	
1873	11.34	100		11.34	
1874	10.56	103		10.25	
1875	10.72	98		10.94	
1876	10.47	92		11.38	
1877	11.31	94		12.03	
1878	9.48	76		12.47	
1879	8.78	73		12.03	
1880	9.60	78		12.31	
1881	9.67	86		11.24	
1882	9.23	93		9.92	
1883	8.61	84		10.13	
1884	6.78	76		8.92	
1885	6.44	69		9.33	
1886	6.12	64		9.66	
1887	6.01	70		6.59	
1888	7.01	70		10.01	
1889	7.64	64		11.94	
1890	6.17	70		8.81	
1891	4.64	69		6.72	
1892	4.35	64		6.80	
1893	4.84	69		7.01	
1894	4.12	61		6.75	
1895	4.15	60		6.92	
1896	4.53	55		8.24	
1897	4.50	58		7.76	
1898	4.96	60		8.27	
1899	4.92	60		8.20	
1900	5.32	64		8.31	
1901	5.05	64		7.89	
1902	4.46	68		6.56	
1903	4.64	66		7.03	
1904	4.77	69		6.91	
1905	5.26	69		7.62	
1906	4.52	68		6.65	
1907	4.65	72		6.46	
1908	4.96	74		6.70	
1909	4.76	79		6.03	
1910	4.97	82	63	6.06	7.89
1911	5.34	78	63	6.85	8.48
1912	5.04	85	67	5.93	7.52
1913	4.28	82	69	5.22	6.26
1914	4.68	82	68	5.71	6.88
1915	5.56	82	71	6.78	7.83
1916	6.86	95	82	7.22	8.37
1917	7.66	132	98	5.80	7.82
1918	7.83	161	108	5.19	7.25
1919	9.00	164	122	5.49	7.38
1920	15.55	174	126	8.94	12.34
1921	6.19	114	99	5.43	6.25
1922	5.93	111	104	5.34	5.70
1923	8.41	117	119	7.19	7.07

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TABLE C.—Wholesale sugar prices, index numbers of wholesale prices of all foods and wholesale sugar prices in relation to prices of all foods annually 1860 to 1954 and monthly January to May 1955—Continued

Year (1)	Sugar price, net cash, New York (2)	Index numbers (1935-39=100) (3) (4)		Sugar prices in relation to— (5) (6)	
		Prices of all foods (wholesale) (3)	Per capita disposable income (4)	Prices of all foods (5)	Per capita disposable income (6)
	<i>Cts. per lb.</i>			<i>Cts. per lb.</i>	<i>Cts. per lb.</i>
1924.....	7.31	115	118	6.36	6.19
1925.....	5.45	126	123	4.33	4.43
1926.....	5.46	126	126	4.33	4.33
1927.....	5.79	122	124	4.75	4.67
1928.....	5.52	128	126	4.31	4.38
1929.....	5.03	126	132	3.99	3.81
1930.....	4.62	114	117	4.05	3.95
1931.....	4.43	95	99	4.66	4.47
1932.....	3.99	77	75	5.18	5.32
1933.....	4.32	77	70	5.61	6.17
1934.....	4.44	89	80	4.99	5.55
1935.....	4.85	106	89	4.58	5.45
1936.....	4.69	104	101	4.51	4.64
1937.....	4.73	108	107	4.38	4.42
1938.....	4.48	93	98	4.82	4.57
1939.....	4.58	89	105	5.15	4.36
1940.....	4.33	90	112	4.81	3.87
1941.....	4.92	105	136	4.69	3.62
1942.....	5.45	126	170	4.33	3.21
1943.....	5.49	135	190	4.07	2.89
1944.....	5.46	133	206	4.11	2.65
1945.....	5.39	134	209	4.02	2.58
1946.....	6.34	165	219	3.84	2.89
1947.....	8.12	206	228	3.94	3.56
1948.....	7.60	222	240	3.42	3.03
1949.....	7.81	202	245	3.87	3.19
1950.....	7.84	207	264	3.79	2.97
1951.....	8.21	232	285	3.54	2.88
1952.....	8.45	229	294	3.69	2.87
1953.....	8.55	219	305	3.90	2.80
1954.....	8.55	218	304	3.92	2.81
1955—January.....	8.48	214		3.96	
February.....	8.45	215		3.93	
March.....	8.38	212		3.95	
January–March average.....	8.44	214	1307	3.94	2.75
April.....	8.38	215		3.90	
May.....	8.38	213		3.93	
June.....	8.38				
April–June average.....	8.38				

¹ Preliminary, at annual rate.

Sources:

Column 2:

1860-99: Palmers Sugar Manual Concerning Sugar.

1900-55: Lamborn Sugar Market Report.

Column 3:

1860-1909: Whole Prices for 213 Years, Warren and Pearson.

1910-55: Index numbers of the Bureau of Labor Statistics converted to 1935-39=100.

Column 4:

1910-28: Estimates by B.A.E.

1929-51: Computed by B.A.E. from data of U. S. Department of Commerce.

Column 5: Column (2) divided by column (3).

Column 6: Column (2) divided by column (4).

In relation to the price of other foods, the price of sugar in the United States as in other countries of the world has declined greatly during the past century and still continues to do so. Since 1940, for instance, the wholesale price of all foods has increased much more than the wholesale price of refined sugar. Last year, the wholesale price of all foods was 141 percent higher than in 1940, whereas the wholesale price of sugar was only 97 percent higher than in 1940.

Because of protective devices such as tariffs, exchange restrictions, and production subsidies which are applied to sugar in almost every major sugar-consuming country of the world, relatively little sugar is sold in markets where it does not enjoy preferential treatment. As a result of this market narrowness, the world market price of sugar fluctuates widely and is very sensitive to relatively minor shortages or surpluses in world production.

The sugar acts have eliminated the extremes of very high and very low prices in the United States market. They have protected domestic growers during long periods of price depression in the world market and likewise have protected consumers during shorter but sharper periods of price inflation in that market. Price stability has helped assure adequate supplies to consumers and a market for a definite quantity of production to producers.

The following table shows, monthly, beginning in 1947, the world market price for raw sugar, the price of raw and refined sugar in this country, and the price that would be in line with the price formula of section 201 of the Sugar Act. It is interesting to note the stability of domestic prices in relation to the world market and also the fact that domestic sugar prices have remained well below the formula price mentioned in the act.

TABLE D.—*Sugar prices: Raw and refined, monthly, January 1947 to date*
[Cents per pound]

Year and month (1)	Raw sugar		Refined sugar (wholesale, New York)	
	New York, duty paid (2)	World, free along- side ship Cuba (3)	Actual (4)	Adjusted (5)
1947—January.....	2 6.03	1 5.03	8.09	8.03
February.....	1 6.12	2 5.03	8.20	8.02
March.....	1 6.12	2 5.03	8.20	8.18
April.....	1 6.18	2 5.03	8.25	8.18
May.....	1 6.18	2 5.03	8.25	8.17
June.....	1 6.18	2 5.03	8.25	8.23
July.....	1 6.18	2 5.03	8.25	8.30
August.....	1 6.30	2 5.03	8.38	8.39
September.....	1 6.32	2 5.03	8.40	8.59
October.....	1 6.32	2 5.03	8.40	8.59
November.....	1 6.32	2 5.03	8.40	8.64
December.....	1 6.32	2 5.03	8.40	8.75
Average.....	1 6.21	2 5.03	8.29	8.34
1948—January.....	5.65	3.96	8.21	8.85
February.....	5.50	4.24	7.82	8.78
March.....	5.42	4.26	7.75	8.75
April.....	5.35	4.43	7.75	8.87
May.....	5.14	4.27	7.60	8.94
June.....	5.35	4.08	7.51	9.01
July.....	5.69	4.10	7.75	9.11
August.....	5.78	4.41	7.75	9.15
September.....	5.66	4.39	7.75	9.15
October.....	5.65	4.32	7.75	9.11
November.....	5.68	4.27	7.75	9.04
December.....	5.66	4.03	7.75	9.09
Average.....	5.54	4.23	7.76	8.98
1949—January.....	5.69	4.00	7.99	8.97
February.....	5.65	3.95	8.00	8.87
March.....	5.68	4.17	7.96	8.90
April.....	5.63	4.09	8.10	8.92
May.....	5.78	4.04	8.02	8.89
June.....	5.86	4.08	7.87	8.91
July.....	5.83	4.13	7.85	8.86
August.....	5.88	4.20	7.85	8.87
September.....	6.01	4.19	7.90	8.92
October.....	6.02	4.33	8.05	8.87
November.....	5.91	4.33	8.05	8.87
December.....	5.74	4.39	8.05	8.82
Average.....	5.81	4.16	7.97	8.89
1950—January.....	5.74	4.62	8.05	8.79
February.....	5.69	4.47	7.92	8.77
March.....	5.54	4.44	7.74	8.80
April.....	5.53	4.37	7.70	8.80
May.....	5.71	4.21	7.70	8.85
June.....	5.78	4.21	7.70	8.89
July.....	6.07	4.89	7.97	8.99
August.....	6.25	5.83	8.22	9.06
September.....	6.25	5.88	8.25	9.12
October.....	6.23	5.84	8.25	9.17
November.....	6.19	5.58	8.25	9.21
December.....	6.30	5.36	8.25	9.34
Average.....	5.93	4.98	8.00	8.98
1951—January.....	6.09	5.22	8.25	9.49
February.....	5.96	4.96	8.25	9.60
March.....	5.90	5.48	8.25	9.63
April.....	5.81	5.57	8.25	9.64
May.....	6.36	6.62	8.40	9.69
June.....	6.59	7.41	8.60	9.68
July.....	6.30	6.75	8.74	9.69
August.....	6.00	5.61	8.62	9.69
September.....	6.00	5.52	8.50	9.75
October.....	5.93	5.28	8.25	9.79

See footnotes at end of table, p. 21

TABLE D.—*Sugar prices: Raw and refined, monthly, January 1947 to date—(Con.)*
 [Cents per pound]

Year and month (1)	Raw sugar		Refined sugar (wholesale, New York)	
	New York, duty paid (2)	World, free along- side ship Cuba (3)	Actual (4)	Adjusted ³ (5)
1951—November.....	5.97	4.83	8.25	9.85
December.....	5.79	4.84	8.25	9.88
Average.....	6.06	5.67	8.38	9.70
1952—January.....	5.80	4.54	8.21	9.88
February.....	5.77	4.38	8.15	9.82
March.....	6.16	4.30	8.38	9.82
April.....	6.31	4.30	8.65	9.86
May.....	6.21	4.24	8.65	9.87
June.....	6.43	4.17	8.69	9.90
July.....	6.48	4.16	8.80	9.97
August.....	6.43	4.05	8.80	9.98
September.....	6.50	4.00	8.80	9.97
October.....	6.59	4.01	8.80	9.97
November.....	6.44	4.00	8.80	9.98
December.....	6.06	3.84	8.71	9.97
Average.....	6.26	4.17	8.62	9.91
1953—January.....	6.04	3.55	8.58	9.95
February.....	6.16	3.52	8.50	9.90
March.....	6.33	3.27	8.65	9.92
April.....	6.38	3.38	8.75	9.93
May.....	6.35	3.65	8.75	9.96
June.....	6.37	3.62	8.75	10.00
July.....	6.41	3.60	8.79	10.02
August.....	6.40	3.53	8.85	10.04
September.....	6.41	3.29	8.85	10.06
October.....	6.40	3.15	8.85	10.08
November.....	6.15	3.10	8.69	10.04
December.....	6.05	3.27	8.65	10.04
Average.....	6.29	3.41	8.72	10.00
1954—January.....	6.04	3.30	8.65	10.06
February.....	6.06	3.39	8.65	10.04
March.....	6.18	3.28	8.73	10.03
April.....	6.19	3.36	8.80	10.01
May.....	6.10	3.32	8.80	10.04
June.....	6.15	3.27	8.80	10.05
July.....	6.19	3.13	8.80	10.06
August.....	6.09	3.18	8.80	10.04
September.....	5.98	3.21	8.70	10.02
October.....	5.96	3.25	8.65	10.00
November.....	6.15	3.26	8.65	10.01
December.....	5.96	3.19	8.65	9.98
Average.....	6.09	3.26	8.72	10.03
1955—January.....	5.96	3.17	8.65	9.98
February.....	5.94	3.17	8.62	9.98
March.....	5.84	3.22	8.55	9.98
April.....	5.82	3.31	8.55	9.97
May.....	5.95	3.38	8.55	
June.....	6.02	3.20	8.55	

¹ Average delivered price charged United States refiners by Commodity Credit Corporation.

² Prices paid to Cuba by CCC plus CCC's expenses of approximately 1 percent.

³ Adjusted for changes in Consumer's Price Index (Sugar Act Formula).

ANALYSIS OF THE BILL

Definitions

The amendments contained in sections 1 through 4 of the bill revise some of the definitions contained in title I of the Sugar Act of 1948, as amended. In general, these amendments are for the purpose of clarifying definitions in a manner such that their literal wording will

be in keeping with the intent of the act, and to provide more specific instructions for administering those provisions of the act dependent upon definitions.

The first and second sections of the bill amend subsections (d) and (e) of section 101 of the act. Subsection (d) defines raw sugar and subsection (e) defines direct-consumption sugar. The amendments clarify the present definitions with respect to the classification for quota purposes of liquid sugar from domestic areas as either raw or direct-consumption sugar. (The wording of the present definitions is such that liquid sugar cannot technically be classified as either raw or direct-consumption sugar. Consequently, a literal interpretation of the present definitions would permit liquid sugar of refined quality from domestic off-shore areas to enter under the overall quotas without regard to the direct-consumption limitations.) The amendments to subsections (d) and (e) provide that liquid sugar from domestic areas would be classified as either raw or direct-consumption sugar in accordance with the same principle that is applied to the quota classification of crystalline sugar. The amendments specifically exclude from such classification liquid sugar from foreign countries inasmuch as liquid sugar entries from such areas are limited by fixed quotas.

Section 3 of the bill amends subsection (i) of section 101 of the act by striking out the parenthetical word "(Clerget)". The word "Clerget" refers to an analytical method and its deletion does not affect the meaning of the term "total sugar content" which is defined in subsection (i). Its deletion in the amendment, however, does relieve the Secretary of Agriculture of requiring the use of a method (the Clerget method) for determining sucrose in the measurement of total sugar content, which is not the most accurate method for the conditions under which its use is prescribed. The amendment permits the Secretary to specify more accurate methods for such determinations.

Section 4 of the bill adds a new subsection (n) to section 101 of the act. The amendment defines the term "to be further refined or improved in quality", which is contained in both the raw and the direct-consumption sugar definitions and is a criterion for distinguishing raw from direct-consumption sugar for quota purposes. The definition of the term "to be further refined or improved in quality" basically establishes the minimum processing to which sugar must be subjected before it can be classified as raw sugar. In the event that there is any question as to the processes to which raw sugar is to be subjected or as to the quality of the sugar being processed, the amendment also provides the Secretary of Agriculture with authority to hold hearings to determine whether specific processes to which sugar is subjected meet the requirements of the standards established by the amendment or whether sugar processed is of raw or direct-consumption sugar quality. The amendment gives clearer guidance to the Secretary of Agriculture in administering those provisions of the act, which require him to classify sugar as raw or direct-consumption for making the proper quota charges. The amendment permits the Secretary to consider the type and extent of processing and the quality of sugar in addition to the use criterion contained in subsections (d) and (e) in distinguishing raw sugar from direct-consumption sugar.

Price objective

Section 5 merely amends the base period for the consideration that the Secretary is directed in section 201 of the act to give to the relationship between the wholesale price of refined sugar and the general cost of living in the United States. The bill changes the base period from 1947 to the now generally accepted statistical base period of 1947-49.

Quotas

Section 6 amends 202 (a) of the Sugar Act, which establishes the quotas for the domestic areas. The present fixed quotas for those areas are retained and, in addition, the domestic areas are assigned 50 percent of all increases in sugar requirements in excess of 8,350,000 short tons, raw value. The first 188,000 tons, or any part thereof, by which quotas for the domestic areas are so increased in 1956 are apportioned 45.2 percent to the domestic beet area; 42.6 percent to the mainland cane area; 10.6 percent to Puerto Rico; and 1.6 percent to the Virgin Islands. Any additional increase in 1956 is apportioned on the basis of the fixed quantities plus the percentage increases referred to above. For 1957 and subsequent years, quotas for the domestic areas are apportioned in the manner described above to the extent of the quantity so apportioned in 1956 and any further increases are apportioned in accord with the final quotas established for 1956.

Section 7 amends section 202 (c) of the act which relates to the quotas for foreign countries other than the Republic of the Philippines. The effect of section 6 of the bill with respect to these quotas, it will be recalled, is to reduce participation in consumption requirements in excess of 8,350,000 short tons from 100 percent under the present act to 50 percent. In 1956, there are no changes in the provisions of the bill relating to the sharing of the quota for foreign countries other than the Republic of the Philippines; but, beginning with 1957, Cuba retains 96 percent and other such foreign countries 4 percent of the quotas for such countries resulting from consumers' requirements of 8,350,000 short tons, or less, but Cuba receives 50 percent and the other foreign countries also receive 50 percent of the quotas for such countries which result from consumers' requirements in excess of 8,350,000 short tons; provided, however, that the quota for foreign countries other than Cuba and the Republic of the Philippines shall be 175,000 short tons in 1957 and shall be increased by 45,000 short tons annually thereafter.

The quota for foreign countries other than Cuba and the Republic of the Philippines is apportioned in accord with the present act in 1956 but, beginning with the calendar year 1957, is apportioned by first assigning to each such country whose average annual importations during the years 1953 and 1954 were less than 1,000 short tons, a proration equal to such average importations; second, assigning to each such country whose average annual importations during those years were more than 1,000 but less than 3,000 short tons, a proration of 2,000 tons in addition to the basic proration assigned to such countries below; and, third, by assigning to each such country whose average annual importations during those years were more than 3,000 tons but less than 2,000 tons, a proration in 1957 equal to its average importations during 1953 and 1954 plus 30 percent thereof and for each subsequent year such proration is increased by 30 percent of the

proration for the immediately preceding calendar year and, fourth, by apportioning the quota not otherwise prorated 37 percent to the Dominican Republic, 36 percent to Peru, 20 percent to Mexico, 5 percent to Nicaragua, and 2 percent to Haiti.

Section 8 of the bill amends section 202 of the act by the addition of three subsections ((e), (f), and (g)), which relate to restrictions on quotas for foreign countries under specified conditions.

Subsection (e) affects quotas of those foreign countries having quotas in excess of 10,000 short tons. The amendment provides that the quota of any such foreign country failing by more than 10 percent to fill its quota or proration in any year during which the world price of sugar exceeds the domestic price shall be reduced by an amount equal to the amount by which the country failed to fill its quota or proration, unless failure to do so was due to crop disaster or force majeure, or under quota reduction would be contrary to the objectives of the act, as determined by the Secretary. The overall effect of the amendment is to assure deliveries of sugar from foreign countries when world conditions are such as to encourage sales of sugar in the world market rather than to the United States market. The amendment provides that any quota reductions shall be prorated to other areas as though it were a deficit under section 204 of the act.

Subsection (f) affects quotas of those foreign countries that are not a party to or bound by the International Sugar Agreement for the Regulation of the Production and Marketing of Sugar (ratified by and with the advice and consent of the U. S. Senate on April 29, 1954). The amendment provides that the quota or proration of any such foreign countries shall not be increased above the level attained for the calendar year 1956 unless the country becomes a party to the agreement not later than January 1, 1957. This amendment does not affect the quotas of domestic areas or foreign countries that are bound by the agreement.

Subsection (g) affects the quota of any foreign country which substantially restricts its importations of raw or processed agricultural commodities from the United States by means of trade or similar barriers. The amendment authorizes the Secretary of Agriculture to determine whether such barriers have resulted in substantial reductions in the importation of our agricultural commodities. In the event that the Secretary does determine that a foreign country having a quota has substantially reduced such importations, the quota of that country will be suspended in any year when the import restrictive measures are in effect, except that the quota for Cuba shall not be reduced below the minima provided in subsection 202 (d). The amendment provides that the suspended quota shall be prorated to other areas as though it were a deficit under section 204 of the act.

Proration of deficits

Section 9 amends section 204 of the act which establishes the method of prorating deficits. The effect of the change is to prorate to domestic areas alone, rather than to Cuba and domestic areas, any deficit in a domestic sugar-producing area which occurs because of inability to market that part of its quota resulting from the fixing of consumers' requirements in excess of 8,350,000 short tons. A further change directs the Secretary, in the event a domestic area is unable to fill its proration of any deficit resulting from the fixing of consumers' requirements in excess of 8,350,000 short tons, to apportion such un-

filled amount to such other domestic areas which are able to fill the deficit and in the event there are no such areas, to add the appropriate quantity of sugar to the quota of Cuba.

Allotment of quotas or prorations

Section 10 amends section 205 (a) of the act by authorizing the Secretary, when he allots any quota or proration established for an area, to consider in addition to the factors presently specified, and to make appropriate allowance for the diverse effect of drought, storm, flood, freeze, disease, insects, and other uncontrollable conditions which seriously and broadly affect a general area served by the factory or factories of such allottee.

Direct-consumption sugar limitations

Section 11, in amending section 207 (a) of the act, provides that portions of the quotas for Hawaii and Puerto Rico which may be filled by direct-consumption sugar are to be increased in the same proportion as the quotas for those areas are increased and with respect to Puerto Rico, that such increased in the direct-consumption portions of the quotas may be filled by either crystalline or liquid sugar but restricts to crystalline sugar the filling of the present direct-consumption portion of the Puerto Rico quota of 126,033 short tons.

Section 12 of the bill amends the limitations in section 207 (b) of the act with respect to the direct-consumption sugar which apply to the quotas of foreign countries other than Cuba and the Republic of the Philippines by permitting countries with overall quotas of 7,000 short tons or less to fill their entire quotas with direct-consumption sugar. The limitation to 1.36 percent of the sum of the quotas for foreign countries other than the Philippines which under the act may currently be filled with direct-consumption sugar by all foreign countries other than Cuba, and the Republic of the Philippines is made applicable to all such countries other than those whose total quotas do not exceed 7,000 short tons and is prorated on the basis of the average importation of direct-consumption sugar during the years 1951, 1952, 1953, and 1954 from such countries.

Conditional payments to domestic producers

Section 13 of the bill amends the present restriction in section 301 (b) of the act of the quantity of sugar which may be marketed or processed from sugar beet or sugarcane grown on the farm of a producer to permit the marketing or processing of additional sugar beets or sugarcane into sugar for livestock feed in excess of the proportionate share for the farm.

Section 14 of the bill amends section 302 (b) of the act by authorizing the Secretary in determining proportionate shares with respect to domestic sugar beet and sugarcane farms in addition to the considerations provided in the present act to protect, to the extent practicable, the interests of producers in any local producing area whose past production has been adversely, seriously, and generally affected by drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions. He is also authorized, on application of any owner of a farm in Puerto Rico, to transfer the sugarcane production record for any parcel or parcels of land in that Commonwealth owned by such applicant to any other parcel or parcels owned by applicant if he finds such transfer to be in the public interest because of

more economic utilization of land resources, the conservation of soil and water resources, or the fostering of greater diversification of agricultural production.

Administrative provisions

Section 15 of the bill adds a new subsection (b) to section 405 of the act and designates the present section 405 as subsection (a). The new subsection provides that any person whose sugar-processing operations meet the requirements of subsection 101 (n) (sec. 4 of the bill) and who imports and processes sugars, subsequently determined to be of direct-consumption quality and in excess of direct-consumption quotas, shall be penalized 1 cent per pound of such sugar. Since sugar is often entered and partly or completely processed before a determination of its quality is made, it is possible that some sugar subsequent to its processing will be determined to be direct-consumption sugar. In the event that the direct-consumption sugar quota for the area from which the sugar has been imported or brought into the United States has been filled, it is necessary to provide a penalty for violation of the direct-consumption limitations. The amendment provides a penalty of such magnitude as to make it unprofitable to process direct-consumption sugar in excess of the direct-consumption limitations.

Section 16 of the bill amends section 407 of the act. The amendment provides that the provisions of section 407 shall not apply to persons whose services are required for the administration of the act in field offices and other governmental agencies. The application of the provisions of section 407 to officials (State, county, and community officials and employees) who do not have information that might aid them in investing or speculating in sugar has on occasion precluded the Department of Agriculture from obtaining the services of persons who are best qualified to serve in field offices. The difficulties have been most acute and embarrassing in areas served by cooperative sugar mills. The amendment does not remove the restrictions of section 407 from Washington officials who do have information that would be of value in investing or speculating in sugar, but it does permit the employment of State, county, and community committeemen and employees who own stock in a sugar company or who are members of a cooperative mill.

Section 17 of the bill inserts a new section 411, and renumbers the present sections 411 and 412 of title IV of the act. The new section 411 authorizes the Secretary of Agriculture to reconcile quotas covering imports from foreign countries with article 7 of the International Sugar Agreement for the Regulation of the Production and Marketing of Sugar (ratified by and with the advice and consent of the U. S. Senate on April 23, 1954). The amendment restricts quotas of only those countries that do not participate in the agreement, and permits the Secretary to take similar action on the corresponding provisions of successor agreements.

Periods for which bill is effective

Section 18 amends renumbered section 412 of the act and provides for termination of the act on December 31, 1960, except that the Secretary shall have power to make payments under title III on programs applicable for the crop year 1960 and previous crop years.

Section 21 extends to June 30, 1961, the period during which the excise and import compensating tax is applicable to sugar.

Section 24 of the bill provides that amendments shall become effective January 1, 1956, except as otherwise designated (sec. 7 of the bill dealing with the quotas for foreign countries other than the Republic of the Philippines which becomes effective in 1957 and sec. 19 which becomes effective upon enactment), and except that required determinations and regulations may be issued in 1955 for the calendar year 1956.

Loans, purchases, and other operations by Commodity Credit Corporation

Section 19 of the bill provides a new section 414 for the act and directs Commodity Credit Corporation to carry out loans, purchases, or other operations with respect to 100,000 short tons of sugar produced from the 1955 or previous crops in United States sugar-producing areas in order to help alleviate the excessive inventory situation in those areas. Sugar acquired under such programs is to be disposed of outside of the continental United States in a manner which will not unduly interfere with normal marketings of sugar. Disposition under the Agricultural Trade Development and Assistance Act of 1954, as amended, is specifically mentioned as a method of disposition. Loans on sugar are of the usual nonrecourse nature of such loans for other commodities under similar programs. Sugar acquired under such programs is not subject to title II of the act which concerns itself with quota provisions.

Mandatory support at 90 percent of parity

Section 20 of the bill amends section 201 of the Agricultural Act of 1949, as amended (63 Stat. 1052; 68 Stat. 899, 912), by including sugar beets and sugarcane in that section. The amendment provides that the price of sugar beets or sugarcane shall be supported at 90 percent of parity. Support is to be provided by means of loans or other operations with respect to sugar derived from the processing of proportionate shares of such sugar crops for the 1956 and subsequent crops. Receipts of producers from byproducts and from Sugar Act conditional payments are to be taken into consideration by the Secretary of Agriculture in establishing rates which will reflect 90 percent of the parity price for sugar beets or sugarcane. Any sugar acquired under this amendment is not subject to the provisions of title II (quotas and prorations) of the Sugar Act nor do the provisions of this section affect in any way the provisions of section 201 and the Secretary's obligation thereunder.

Amendments to the Internal Revenue Code

Section 22 of the bill amends section 4502 (4) of the 1954 Internal Revenue Code. That section of the Internal Revenue Code defines the term "total sugars" similarly to the term "total sugar content" contained in section 101 (i) of the Sugar Act and in addition makes reference to Customs Regulations of 1930, which have since been superseded. The amendment in no way affects the meaning of the term "total sugars" and permits the Treasury Department to use methods that are most appropriate to the determination of total sugars.

Section 23 of the bill amends section 4504 and 6418 (a) of the Internal Revenue Code of 1954. The amendments provide that the import compensating tax on manufactured sugar imported into the United States for use in the distillation of alcohol or for livestock

feed may be refunded. Section 212 of the Sugar Act exempts from quota control any sugar or liquid sugar used for such purposes. However, tax exemption under the Internal Revenue Code has been only partly consistent with the quota exemption. The processing tax (applicable to sugar manufactured in the United States) has been refundable on sugar used for livestock feed or for the distillation of alcohol, but the import compensating tax (applicable to manufactured sugar imported into the United States) has not been refundable on sugar used for the same purpose. The amendment provides that either the processing tax or the import compensating tax, whichever is applicable, may be refunded on sugar used for livestock feed or for the distillation of alcohol.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

SUGAR ACT OF 1948, AS AMENDED

TITLE I—DEFINITIONS

SEC. 101. For the purposes of this Act, except title V—

* * * * *

(d) **["The term "raw sugar" means any sugars which are principally of crystalline structure and which are to be further refined or improved in quality, and any sugars which are principally not of crystalline structure, but which are to be further refined or otherwise improved in quality to produce any sugars principally of crystalline structure.]** *The term "raw sugar" means any sugars (exclusive of liquid sugar from foreign countries having liquid sugar quotas), whether or not principally of crystalline structure, which are to be further refined or improved in quality to produce any sugars principally of crystalline structure or liquid sugar.*

(e) **["The term "direct-consumption sugar" means any sugars which are principally of crystalline structure and which are not to be further refined or otherwise improved in quality.]** *The term "direct-consumption sugar" means any sugars principally of crystalline structure and any liquid sugar (exclusive of liquid sugar from foreign countries having liquid sugar quotas), which are not to be further refined or improved in quality.*

* * * * *

(i) The term "total sugar contents" means the sum of the sucrose **[(Clerget)]** and reducing or invert sugars contained in any grade or type of sugar or liquid sugar.

* * * * *

(n) *The term "to be further refined or improved in quality" means to be subjected substantially to the processes of (1) affination or defecation, (2) clarification, and (3) further purification by adsorption or crystallization. The Secretary is authorized, in accordance with findings based on public hearings, to determine whether specific processes to which sugars are subjected are sufficient to meet the requirements of this paragraph (n) and whether sugars of specific qualities are raw sugar within the meaning of paragraph (d) of this section, or direct-consumption sugar within the meaning of paragraph (e) of this section.*

TITLE II—QUOTA PROVISIONS

SEC. 201. The Secretary shall determine for each calendar year, beginning with the calendar year 1948, the amount of sugar needed to meet the requirements of consumers in the continental United States; such determinations shall be made during the month of December in each year for the succeeding calendar year (in the case of the calendar year 1948, during the first ten days thereof) and at

such other times during such calendar year as the Secretary may deem necessary to meet such requirements. In making such determinations the Secretary shall use as a basis the quantity of direct-consumption sugar distributed for consumption, as indicated by official statistics of the Department of Agriculture, during the twelve-month period ending October 31 next preceding the calendar year for which the determination is being made, and shall make allowances for a deficiency or surplus in inventories of sugar, and for changes in consumption because of changes in population and demand conditions, as computed from statistics published by agencies of the Federal Government; and, in order that such determinations shall be made so as to protect the welfare of consumers and of those engaged in the domestic sugar industry by providing such supply of sugar as will be consumed at prices which will not be excessive to consumers and which will fairly and equitably maintain and protect the welfare of the domestic sugar industry, the Secretary, in making any such determination, in addition to the consumption, inventory, population, and demand factors above specified and the level and trend of consumer purchasing power, shall take into consideration the relationship between the prices at wholesale for refined sugar that would result from such determination and the general cost of living in the United States as compared with the relationship between prices at wholesale for refined sugar and the general cost of living in the United States obtaining during [1947 prior to the termination of price control of sugar] 1947-49 as indicated by the Consumers' Price Index as published by the Bureau of Labor Statistics of the Department of Labor.

SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

(a) For domestic sugar-producing areas [] : (1) For the calendar year 1956 by apportioning among such areas four million four hundred and forty-four thousand short tons, raw value, as follows:

Area	Short tons, raw value
Domestic beet sugar	1, 800, 000
Mainland cane sugar	500, 000
Hawaii	1, 052, 000
Puerto Rico	1, 080, 000
Virgin Islands	12, 000

(2) For the calendar year 1956, by apportioning among such areas 50 per centum of the amount by which the determination made pursuant to section 201 exceeds eight million three hundred and fifty thousand short tons, raw value, as follows:

(A) The first one hundred and eighty-eight thousand short tons, raw value, or any part thereof, by which quotas for the domestic areas are so increased shall be apportioned 45.2 per centum to the domestic beet area; 42.6 per centum to the mainland cane area; 10.6 per centum to Puerto Rico; and 1.6 per centum to the Virgin Islands; and

(B) Any additional amount shall be apportioned on the basis established in paragraph (a) (1) as adjusted by subparagraph (A) of this paragraph (a) (2).

(3) For the calendar year 1957 and each subsequent calendar year, by apportioning among such areas four million four hundred and forty-four thousand short tons, raw value, in accordance with paragraph (a) (1) of this section, and by adding thereto 50 per centum of the amount by which the determination made pursuant to section 201 exceeds eight million three hundred and fifty thousand short tons, raw value, apportioned as follows: First, by apportioning in accordance with the provisions of paragraph (a) (2) of this section an amount not in excess of the amount so apportioned in 1956, and second, by apportioning the remainder, if any, in accordance with the final quotas established for the calendar year 1956, pursuant to paragraphs (a) (1) and (a) (2) of this section.

(b) For the Republic of the Philippines, in the amount of nine hundred and fifty-two thousand short tons of sugar as specified in section 211 of the Philippine Trade Act of 1946.

(c) [For] (1) For the calendar year 1956, for foreign countries other than the Republic of the Philippines, by prorating among such countries an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of the quotas established pursuant to subsections (a) and (b) of this section, on the following basis:

Country	Per centum
Cuba	96
Foreign countries other than Cuba and the Republic of the Philippines	4

Ninety-five per centum of the quota for foreign countries other than Cuba and the Republic of the Philippines shall be prorated among such countries on the basis of the average amount imported from each such country within the quotas established for the years 1948, 1949, and 1950, except that a separate proration need not be established for any country which entered less than 2 per centum of the average importations within the quotas for such years. The amount of the quota not so prorated may be filled by countries not receiving separate prorations, but no such country shall enter an amount pursuant to this subsection in excess of 1 per centum of the quota for foreign countries other than Cuba and the Republic of the Philippines.

(2) For the calendar year 1957 and for each subsequent calendar year for foreign countries other than the Republic of the Philippines, by prorating to Cuba 96 per centum and to such other foreign countries 4 per centum of the amount of sugar, raw value, by which eight million three hundred and fifty thousand short tons or such lesser amount as determined pursuant to section 201 exceeds the sum of four million four hundred and forty-four thousand short tons, raw value, and the quota established pursuant to subsection (b) of this section; and by prorating to Cuba 50 per centum and to foreign countries other than Cuba and the Republic of the Philippines 50 per centum of the amount of sugar, raw value, by which the amount determined pursuant to section 201 exceeds the sum of eight million three hundred and fifty thousand short tons plus the increase in quotas provided for in subsection (a) (3) of this section: Provided, (i) That for the calendar year 1957 the quota for foreign countries other than Cuba and the Republic of the Philippines shall be one hundred and seventy-five thousand short tons, raw value, and the quota for Cuba shall equal the sum of the quotas for foreign countries other than the Republic of the Philippines less one hundred and seventy-five thousand short tons, raw value; and (ii) that for the calendar year 1958 and each subsequent calendar year through 1960 the quota for foreign countries other than Cuba and the Republic of the Philippines shall be increased forty-five thousand short tons, raw value, annually and the quota for Cuba shall equal the sum of the quotas for foreign countries other than the Republic of the Philippines for such year less the quota for foreign countries other than Cuba and the Republic of the Philippines for such year.

The quota for foreign countries other than Cuba and the Republic of the Philippines shall be prorated for the calendar year 1957 and for each subsequent calendar year as follows:

(A) Each country whose average annual importations into the United States within the quota were less than one thousand short tons, raw value, during the years 1953 and 1954 shall receive a proration equal to such average importations.

(B) Each country whose average annual importations into the United States within the quota were more than one thousand short tons but less than three thousand short tons, raw value, during the years 1953 and 1954 shall receive each year two thousand tons in addition to the basic tonnages prorated under subparagraphs (C) or (D) hereof.

(C) Each country whose average annual importations into the United States within the quota were one thousand short tons but less than two thousand short tons, raw value, during the years 1953 and 1954 shall receive a proration for 1957 equal to its average importations for the calendar years 1953 and 1954 plus 30 per centum thereof and for each calendar year subsequent to 1957 through 1960 the proration for each such country shall be increased by an additional 30 per centum of its proration under this subparagraph (C) for the immediately preceding calendar year.

(D) That part of the quota not otherwise prorated in subparagraphs (A), (B), and (C) above shall be prorated as follows:

Country	Per Centum
Dominican Republic.....	37
Peru.....	33
Mexico.....	20
Nicaragua.....	5
Haiti.....	2

(d) Notwithstanding the other provisions of this title II, the minimum quota established for Cuba, including increases resulting from deficits determined pursuant to section 204 (a), shall not be less than the following:

(1) 28.6 per centum of the amount of sugar determined under section 201 when such amount is seven million four hundred thousand short tons or less; and

(2) two million one hundred and sixteen thousand short tons, when the amount of sugar determined under section 201 is more than seven million four hundred thousand short tons.

The quotas for domestic sugar-producing areas, established pursuant to the other provisions of this title II, shall be reduced pro rata by such amounts as may be required to establish such minimum quota for Cuba.

(e) *Whenever in any year any foreign country with a quota or proration thereof of more than ten thousand short tons fails to fill such quota or proration by more than 10 per centum and at any time during such year the world price of sugar exceeds the domestic price, the quota or proration thereof for such country for subsequent years shall be reduced by an amount equal to the amount by which such country failed to fill its quota or proration thereof, unless the Secretary finds that such failure was due to crop disaster or force majeure or finds that such reduction would be contrary to the objectives of this Act. Any reduction hereunder shall be prorated in the same manner as deficits are prorated under section 204.*

(f) *No country shall have its quota or proration thereof increased above its quota or proration thereof for the calendar year 1956 unless, on or before January 1, 1957, such country becomes a party to and bound by the International Sugar Agreement for the Regulation of the Production and Marketing of Sugar (ratified by and with the advice and consent of the United States Senate on April 29, 1954).*

(g) *Notwithstanding any other provisions of law except paragraph (d) hereof, if the Secretary determines that any country for which a sugar quota or proration thereof is established herein causes a substantial reduction in the importation of any agricultural commodity from the United States below the quantity imported during a representative period of years, in raw or manufactured form, through import quotas, import taxes, exchange restrictions, or other trade restrictive measures, the sugar quota or proration thereof for such country shall be suspended during each year when such restrictive measures are at any time in effect and the portion of such quota or proration thereof so suspended shall be prorated in the same manner as deficits are prorated under section 204.*

* * * * *

SEC. 204. (a) The Secretary shall from time to time determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any area will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to market the quota for such area, he shall revise the quotas for the domestic areas and Cuba by prorating an amount of sugar equal to the deficit so determined to the other such areas on the basis of the quotas then in effect: *Provided, That any deficit in any domestic sugar-producing area occurring by reason of inability to market that part of the quota for such area allotted under the provisions of section 202 (a) (2) or the increases allotted under section 202 (a) (3) shall first be prorated to other domestic areas on the basis of the quotas then in effect.* If the Secretary finds that the Republic of the Philippines will be unable to market the quota for such area, he shall revise the quotas for Cuba and foreign countries other than Cuba and the Republic of the Philippines by prorating an amount of sugar equal to the deficit so determined, as follows:

To Cuba, 96 per centum; and

To foreign countries other than Cuba and the Republic of the Philippines, 4 per centum.

If the Secretary finds that foreign countries other than Cuba and the Republic of the Philippines cannot fill the quota for such area, he shall increase the quota for Cuba by an amount equal to the deficit.

Whenever the Secretary finds that any area will be unable to fill its proration of any such deficit, he may apportion such unfilled amount on such basis and to such areas as he determines is required to fill such deficit; *except that in the case of proration of any such deficit in any domestic sugar-producing area occurring by reason of inability to market that part of the quota for such area allotted under and by reason of section 202 (a) (2) or the increases allotted under section 202 (a) (3), the Secretary shall apportion the unfilled amount on such basis and to such other domestic areas as he determines is required to fill such deficit, and if he finds that no domestic area will be able to supply such unfilled amount, he shall add it to the quota for Cuba.*

* * * * *

SEC. 205. (a) Whenever the Secretary finds that the allotment of any quota, or proration thereof, established for any area pursuant to the provisions of this Act, is necessary to assure an orderly and adequate flow of sugar or liquid sugar in the channels of interstate or foreign commerce, or to prevent disorderly marketing or importation of sugar or liquid sugar, or to maintain a continuous and stable supply of sugar or liquid sugar, or to afford all interested persons an equitable opportunity to market sugar or liquid sugar within any area's quota, after such

hearing and upon such notice as he may by regulations prescribe, he shall make allotments of such quota or proration thereof by allotting to persons who market or import sugar or liquid sugar, for such periods as he may designate, the quantities of sugar or liquid sugar which each such person may market in continental United States, the Territory of Hawaii, or Puerto Rico, or may import or bring into continental United States, for consumption therein. Allotments shall be made in such manner and in such amounts as to provide a fair, efficient, and equitable distribution of such quota or proration thereof, by taking into consideration the processings of sugar or liquid sugar from sugar beets or sugarcane to which proportionate shares, determined pursuant to the provisions of subsection (b) of section 302, pertained; the past marketings or importations of each such person; and the ability of such person to market or import that portion of such quota or proration thereof allotted to him. *In making such allotments, the Secretary may also take into consideration and make due allowance for the adverse effect of drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions seriously and broadly affecting any general area served by the factory or factories of such person.* The Secretary may also, upon such hearing and notice as he may by regulations prescribe, revise or amend any such allotment upon the same basis as the initial allotment was made.

* * * * *
SEC. 207. (a) Not more than twenty-nine thousand six hundred and sixteen short tons, raw value, of the quota for Hawaii for any calendar year, *plus an amount equal to the same percentage of twenty-nine thousand six hundred and sixteen short tons, raw value, that the increase in the quota for Hawaii under section 202 is of one million fifty-two thousand short tons, raw value* may be filled by direct-consumption sugar.

(b) Not more than one hundred and twenty-six thousand and thirty-three short tons, raw value, of the quota for Puerto Rico for any calendar year may be filled by direct-consumption sugar **[.]** *which shall be principally of crystalline structure, plus an amount equal to the same percentage of one hundred twenty-six thousand and thirty-three short tons, raw value, that the increase in the quota for Puerto Rico under section 202 is of one million eighty thousand short tons, raw value, which latter amount may be filled by direct-consumption sugar whether or not principally of crystalline structure.*

* * * * *
(h) **[The]** (1) *For the calendar year 1956, the quota for foreign countries other than Cuba and the Republic of the Philippines may be filled by direct-consumption sugar only to the extent of 1.36 per centum of the amount of sugar determined pursuant to section 201 less the sum of the quotas established in subsections (a) and (b) of section 202: Provided, That each such country shall be permitted to enter an amount of direct-consumption sugar not less than the average amount entered by it during the years 1948, 1949, and 1950.*

(2) *For the calendar year 1957 and each subsequent calendar year, the quota for foreign countries other than Cuba and the Republic of the Philippines may be filled by direct-consumption sugar to the extent of 1.36 per centum of the amount of sugar determined pursuant to section 201 less the sum of the quotas established in subsections (a) and (b) of section 202; Provided, That such limitation shall not apply to countries receiving prorations under Section 202 (c) of 7,000 short tons or less. The direct-consumption portion of such quota which is subject to the 1.36 per centum limitation referred to above shall be prorated to countries which receive prorations under section 202 (c) of more than 7,000 short tons on the basis of average imports of direct-consumption sugar with the quota for the years 1951, 1952, 1953, and 1954.*

TITLE III—CONDITIONAL-PAYMENT PROVISIONS

SEC. 301. The Secretary is authorized to make payments on the following conditions with respect to sugar or liquid sugar commercially recoverable from the sugar beets or sugarcane grown on a farm for the extraction of sugar or liquid sugar:

* * * * *
(b) That there shall not have been marketed (or processed), *except for livestock feed, or for the production of livestock feed, as determined by the Secretary*, an amount (in terms of planted acreage, weight, or recoverable sugar content) of sugar beets or sugarcane grown on the farm and used for the production of sugar or liquid sugar to be marketed in, or so as to compete with or otherwise directly affect interstate or foreign commerce, in excess of the proportionate share for the

farm, as determined by the Secretary pursuant to the provisions of section 302, of the total quantity of sugar beets or sugarcane required to be processed to enable the area in which such sugar beets or sugarcane are produced to meet the quota (and provide a normal carry-over inventory) as estimated by the Secretary for such area for the calendar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed.

* * *
SEC. 302. * * *

(b) In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugar beets and sugarcane marketed (or processed) *within the proportionate share for the extraction of sugar or liquid sugar and the ability to produce such sugar beets or sugarcane*, and the Secretary shall, insofar as practicable, protect the interests of new producers and small producers and the interests of producers who are cash tenants, share tenants, adherent planters, or share croppers **[.]** *and of the producers in any local producing area whose past production has been adversely, seriously and generally affected by drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions.* For the purposes of establishing proportionate shares hereunder and in order to encourage wise use of land resources, foster greater diversification of agricultural production, and promote the conservation of soil and water resources in Puerto Rico, the Secretary, on application of any owner of a farm in Puerto Rico, is hereby authorized, whenever he determines it to be in the public interest and to facilitate the sale or rental of land for other productive purposes, to transfer the sugarcane production record for any parcel or parcels of land in Puerto Rico owned by the applicant to any other parcel or parcels of land owned by such applicant in Puerto Rico.

* * * TITLE IV—GENERAL PROVISIONS * * *

SEC. 405. (a) Any person who knowingly violates, or attempts to violate, or who knowingly participates or aids in the violation of, any of the provisions of section 209, or any person who brings or imports into the continental United States direct-consumption sugar after the quantities specified in section 207 have been filled, shall forfeit to the United States the sum equal to three times the market value, at the time of the commission of any such act, (a) of that quantity of sugar or liquid sugar by which any quota, proration, or allotment is exceeded, or (b) of that quantity brought or imported into the continental United States after the quantities specified in section 207 have been filled, which forfeiture shall be recoverable in a civil suit brought in the name of the United States.

(b) Any person whose sugar processing operations otherwise meet the requirements of section 101 (n) and who subjects to such processes sugar imported or brought into the continental United States under a declaration that it is raw sugar but which sugar subsequently is determined to be of direct-consumption quality and to be in excess of the direct-consumption portion of the applicable quota or proration or allotment thereof, shall forfeit to the United States a sum equal to one cent per pound for each pound, raw value, of such sugar in excess of the direct-consumption portion of the applicable quota or proration or allotment thereof, which forfeiture shall be recoverable in a civil suit brought in the name of the United States.

SEC. 407. No person shall, while acting in any official capacity in the administration of this Act, invest or speculate in sugar or liquid sugar, contracts relating thereto, or the stock or membership interests of any association or corporation engaged in the production or manufacturing of sugar or liquid sugar. Any person violating this section shall upon conviction thereof be fined not more than \$10,000 or imprisoned not more than two years, or both. *The provisions of this section shall not apply to persons whose services are obtained pursuant to section 305.*

SEC. 411. *The Secretary is authorized to issue such regulations as may be necessary to carry out article 7 of the International Sugar Agreement for the Regulation of the Production and Marketing of Sugar (ratified by and with the advice and consent of the United States Senate on April 29, 1954), restricting importations of sugar into the United States from foreign countries not participating in such agreement, or to carry out the corresponding provisions of any such future agreements ratified by and with the advice and consent of the United States Senate.*

REVISION AND EXTENSION OF SUGAR ACT OF 1948

[SEC. 411.] SEC. 412. The powers vested in the Secretary under this Act shall terminate on December 31, **[1956] 1960**, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year **[1956] 1960** and previous crop years.

[SEC. 412.] SEC. 413. The provisions of this Act, except where an earlier effective date is provided for herein, shall become effective January 1, 1948. As provided in section 513 of the Sugar Act of 1937, the powers vested in the Secretary under that Act shall terminate on December 31, 1947, except that the Secretary shall have power to make payments under title III of that Act under programs thereunder applicable to the crop year 1947 and previous crop years.

SEC. 414. (a) *To alleviate the conditions which exist in the continental United States sugar-producing areas by reason of the quantities of surplus over-quota sugar produced in such areas, the Commodity Credit Corporation shall carry out loans, purchases or other operations with respect to one hundred thousand short tons of sugar produced from the 1955 or previous crops in such areas.*

(b) Sugar acquired hereunder shall be disposed of outside the continental United States in such manner as the Corporation determines will not unduly interfere with normal marketings of sugar, including dispositions under the Agricultural Trade Development and Assistance Act of 1954, as amended.

(c) No borrower shall be personally liable for any deficiency arising from the sale of the sugar securing any loan made under authority of this section, unless such loan was obtained through fraudulent representations by the borrower. This provision shall not, however, be construed to prevent Commodity Credit Corporation from requiring the borrower to assume liability for deficiencies in the quality or quantity of sugar delivered under the loan, for failure to properly care for and preserve such sugar, or for failure or refusal to deliver the sugar in accordance with the requirements of the program.

(d) Sugar acquired hereunder shall not be subject to the provisions of title II of this Act.

AMENDMENTS TO AGRICULTURAL ACT OF 1949

SEC. 201. The Secretary is authorized and directed to make available (without regard to the provisions of title III) price support to producers for tung nuts, honey, milk, butterfat, sugar beets and sugarcane, and the products of milk and butterfat as follows:

(a) Note—Repealed by Agricultural Act of 1954.

*(b) * * **

*(c) * * **

(d) The price of sugar beets and sugarcane, respectively, shall be supported at a level of 90 per centum of the parity price therefor through loans, purchases or other operations with respect to sugar derived from the processing of proportionate shares of sugar beets or sugarcane of the 1956 and subsequent crops produced in the domestic sugar producing areas of the United States. Loans, purchases, or other operations with respect to such sugar shall be at such rates or prices as the Secretary determines, after taking into account receipts of producers from byproducts and conditional payments, will reflect the equivalent of 90 per centum of the parity price either for sugar beets or sugarcane. Sugar acquired hereunder shall not be subject to the provisions of title II of the Sugar Act of 1948, as amended.

AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

SEC. 4501

** * * * **
(c) TERMINATION OF TAX.—No tax shall be imposed under this subchapter on the manufacture, use, or importation of sugar or articles composed in chief value of sugar after June 30, **[1957] 1961**. Notwithstanding the provisions of subsection (a) or (b), no tax shall be imposed under this subchapter with respect to unsold sugar held by a manufacturer on June 30, **[1957] 1961**, or with respect to sugar or articles composed in chief value of sugar held in customs custody or control on such date. With respect to any sugar or articles composed in chief value of sugar upon which tax imposed under subsection (b) has been paid and which, on June 30, **[1957] 1961** are held by the importer and intended for sale or other disposition, there shall be refunded (without interest) to such importer,

subject to such regulations as may be prescribed by the Secretary or his delegate, an amount equal to the tax paid with respect to such sugar or articles composed in chief value of sugar.

SEC. 4502

(4) TOTAL SUGARS.—The term "total sugars" means the total amount of the sucrose [(Clerget)] and of the reducing or invert sugars. [The total sugars contained in any grade or type of manufactured sugar shall be ascertained in the manner prescribed in paragraphs 758, 759, 762, and 763 of the United States Customs Regulations (1931 edition).]

SEC. 4504. IMPORT TAX IMPOSED AS TARIFF DUTY.

The tax imposed by section 4501 (b) shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the Tariff Act of 1930 and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such Act, except that for the purposes of sections 336 and 350 of such Act such tax shall not be considered a duty or import restriction, and except that no preference with respect to such tax shall be accorded any articles imported or brought into the United States and except that such tax may be subject to refunds as a tax under the provisions of section 6418 (a).

SEC. 6412. FLOOR STOCKS REFUNDS.

(d) SUGAR.—With respect to any sugar or articles composed in chief value of sugar upon which tax imposed under section 4501 (b) has been paid and which, on June 30, [1957] 1961, are held by the importer and intended for sale or other disposition, there shall be refunded (without interest) to such importer, subject to such regulations as may be prescribed by the Secretary or his delegate, an amount equal to the tax paid with respect to such sugar or articles composed in chief value of sugar.

SEC. 6418. SUGAR.

(a) USE AS LIVESTOCK FEED OR FOR DISTILLATION OF ALCOHOL.—Upon the use of any manufactured sugar, or article manufactured therefrom, as livestock feed, or in the production of livestock feed, or for the distillation of alcohol, there shall be paid by the Secretary or his delegate to the person so using such manufactured sugar, or article manufactured therefrom, the amount of any tax paid under section 4501 [(a)] with respect thereto.

Note.—The amendments made hereby shall become effective January 1, 1956, except as otherwise designated and except that required determinations and regulations may be issued in 1955 for the calendar year 1956.

